6. In Supplement I to Part 202, *Section 202.13—Information for Monitoring purposes*, would be amended as follows:

a. Under *13(a) Information to be requested.*, paragraph 6. would be revised; and

b. Under *13(b) Obtaining of information.*, paragraphs 4. and 5. would be redesignated as paragraphs 6. and 7. respectively, and new paragraphs 4. and 5. would be added.

The revisions and additions would read as follows:

* * * * *

Section 202.13 Information for Monitoring purposes

13(a) Information to be requested.

* * * * *

6. *Refinancings.* fl A refinancing occurs when an existing obligation is satisfied and replaced by a new obligation undertaken by the same borrower. fi A creditor that receives an application to [change the terms and conditions of] fl refinance fi an existing extension of credit made by that creditor for the purchase of the applicant's dwelling may request the monitoring information again but is not required to do so if it was obtained in the earlier transaction.

* * * * *

13(b) Obtaining of information.

* * * * *

fl 4. *Applications through electronic media.* If an applicant applies through an electronic medium (for example, via the Internet or by facsimile) without any face-to-face interactive video capability, the creditor should treat the application as if it were accepted by mail or telephone. fi

fl 5. *Applications through interactive video.* If a creditor takes an application through an interactive application process with video capabilities, and the creditor can see the applicant, the creditor should treat these applications as taken in person and collect the monitoring information. fi

* * * * *

By order of the Secretary of the Board, acting pursuant to delegated authority for the Board of Governors of the Federal Reserve System, December 21, 1995.

Jennifer J. Johnson,

Deputy Secretary of the Board.

[FR Doc. 95–31363 Filed 12–27–95; 8:45 am]

BILLING CODE 6210–01–P

12 CFR Part 211

[Regulation K; Docket No. R–0911]

International Banking Operations

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Proposed rule.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) is proposing to amend its Regulation K regarding interstate banking operations of foreign banking organizations. The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (Interstate Act) removed geographic restrictions on interstate banking by foreign banks effective September 29, 1995, and requires certain foreign banks without U.S. deposit-taking offices to select a home state for the first time. The proposed amendments to Regulation K would require these foreign banks to select a home state by March 31, 1996, and would immediately remove outdated restrictions on certain mergers by U.S. bank subsidiaries of foreign banks outside the home state of the foreign bank. Obsolete and superseded provisions of Regulation K concerning home state selection would be deleted. The Board is also requesting comment on other aspects of the Interstate Act as it applies to foreign banks.

DATES: Comments must be received by February 5, 1996.

ADDRESSES: Comments should refer to Docket No. R–0911 and may be mailed to William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington D.C. 20551. Comments also may be delivered to Room B–2222 of the Eccles Building between 8:45 a.m. and 5:15 p.m. weekdays, or to the guard station in the Eccles building courtyard on 20th Street, N.W. (between Constitution Avenue and C Street, N.W.) at any time. Comments may be inspected in Room MP–500 of the Martin Building between 9:00 a.m. and 5:00 p.m. weekdays, except as provided in § 261.8 of the Board's rules regarding availability of information, 12 CFR 261.8.

FOR FURTHER INFORMATION CONTACT: Kathleen M. O'Day, Associate General Counsel (202/452–3786), Ann E. Misback, Managing Senior Counsel (202/452–3788), Douglas M. Ely, Senior Attorney (202/452–5289), Legal Division; Michael G. Martinson, Assistant Director (202/452–3640), Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System. For users of Telecommunication Device for the Deaf [TDD] *only*, please contact Dorothea Thompson (202/452–3544), Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, D.C. 20551.

SUPPLEMENTARY INFORMATION: The Interstate Act amended section 5 of the International Banking Act of 1978 (IBA), which governs interstate banking and branching operations of foreign banks. The Interstate Act also amended the Bank Holding Company Act of 1956 (BHC Act), the Federal Deposit Insurance Act and several other statutes regarding interstate banking operations of bank holding companies, national banks and state banks. In light of these amendments, the Board proposes to amend the provisions of its Regulation K regarding interstate banking operations of foreign banking organizations (12 CFR 211.22) as discussed below.

Determination of Home State

Section 104(d) of the Interstate Act modifies the existing definition of a foreign bank's home state under section 5(c) of the IBA. Section 104(d) retains the provision of the IBA stating that the home state of a foreign bank that has any combination of branches, agencies, subsidiary commercial lending companies and subsidiary banks (U.S. banking operations) in more than one state is whichever of these states is selected by the foreign bank, or by the Board if the foreign bank fails to choose. Section 104(d) also provides, for the first time, that if a foreign bank has U.S. banking operations, including agencies or subsidiary commercial lending companies, in one state only, that state is the foreign bank's home state for purposes of interstate branching. The Board proposes the following amendments to 12 CFR 211.22(a) in order to reflect and implement these changes to the definition of a foreign bank's home state.

Abolition of Distinction Between Deposit-Taking Offices and Nondeposit-Taking Offices

Prior to the Interstate Act, the Board interpreted the IBA to require a foreign bank to have a home state only if the foreign bank had deposit-taking offices, *i.e.*, branches or subsidiary banks. 44 FR 62903 (November 1, 1979). This interpretation is set forth in § 211.22(a)(2) of Regulation K. Section 104(d) of the Interstate Act superseded this interpretation by providing for the first time that foreign banks with only agencies or subsidiary commercial lending companies have a home state. Accordingly, the Board proposes that § 211.22(a)(2) be deleted.

The Board also proposes that § 211.22(a)(5) be deleted. This provision follows the Board's interpretation of the IBA in § 211.22(a)(2) by requiring foreign banks to select as their home state the state where their first U.S. deposit-taking office is located. Since the Interstate Act has superseded that interpretation, § 211.22(a)(5) is proposed to be removed.

Initial Home State Selection Under the Interstate Act

As noted, the Interstate Act for the first time requires foreign banks with only subsidiary commercial lending companies or agencies in the United States to have a home state. In order to implement this requirement, the Board proposes that any foreign bank required for the first time to have a home state because it has subsidiary commercial lending companies or agencies in more than one state, and no other U.S. banking operations, be permitted to select its home state. (Foreign banks with domestic agencies and subsidiary commercial lending companies in one state only are assigned that state as their home state by section 5(c)(2) of the IBA, as amended by section 104(d) of the Interstate Act.) Each foreign bank covered by the rule would be required to select its home state from those states in which the foreign bank established U.S. agencies and subsidiary commercial lending companies before September 29, 1994 (the date of enactment of the Interstate Act), and has continuously operated such offices. A foreign bank covered by the rule shall select its home state by filing with the Board a declaration of home state by March 31, 1996.

In the event a foreign bank required to select a home state fails to do so, the Board would exercise its authority, as contemplated by section 104(d) of the Interstate Act, to determine a foreign bank's home state. In such cases, the Board proposes to designate as a foreign bank's home state the state in which the total assets of all its offices, net of claims on affiliates or other offices of the foreign bank, is the largest, as reflected in the foreign bank's most recent report of condition.

The Board also proposes to state in its new rule that, as is provided in section 5(c)(2) of the IBA as amended by section 104(d) of the Interstate Act, a foreign bank with branches, agencies, subsidiary commercial lending companies or subsidiary banks in one state only shall have that state as its home state. A foreign bank that has already chosen a home state would not be affected by the proposed rule.

The Board intends to review other issues raised by the Interstate Act relating to the interstate operations of foreign banks in a future rule-making proceeding. The Board accordingly invites comment concerning all aspects of the application of the Interstate Act to foreign banks.

Deletions of Other Obsolete Sections

The Board proposes that current §§ 211.22(a)(1),(3) and (4) be deleted. These sections governed initial selection of home states for foreign banks under the IBA as enacted in 1978 and the Board's implementing regulations, which were adopted in 1980. The foreign banks affected by these provisions selected a home state, or had one selected for them by the Board or through operation of Regulation K, several years ago. Accordingly, the Board proposes that these provisions be deleted.

Bank Mergers Outside Home State

Section 211.22(c) of Regulation K provides that a foreign bank with one or more domestic banking subsidiaries outside its home state shall notify the Board if it proposes to acquire through a subsidiary bank all or substantially all of the assets of a U.S. bank which is larger than the subsidiary bank and is located outside of the foreign bank's home state under the IBA. The Board may direct the foreign bank to redesignate as its home state the state in which its subsidiary bank is located if the Board finds the proposed acquisition would be inconsistent with the foreign bank's home state selection under the IBA.

The Board adopted this rule in 1980 due to a concern that allowing a foreign bank to expand its deposit-taking capabilities both by branching in its IBA home state and through major acquisitions by merger outside its home state might permit evasion of the interstate restrictions then in place under the IBA and the BHC Act. At that time, a foreign bank with a subsidiary bank in one state (State X) and a branch in another state (State Y) which declared State Y as its home state under the IBA generally could not acquire more than 5 per cent of the shares of an additional bank in State Y, because such acquisitions were subject to the geographic restrictions of section 3(d) of the BHC Act. These restricted purchases of banks outside a foreign bank's home state for purposes of the BHC Act, in this case State X. In addition, such a foreign bank generally could not acquire more than 5 per cent of the shares of an additional bank in State X as a result of section 5(a)(5) of the IBA, which also applied the limits of section 3(d) of the BHC Act to interstate bank acquisitions by foreign banks outside their home state as determined under the IBA (in this case, State Y). The Board concluded that a foreign bank might circumvent these restrictions on interstate banking by engaging, through a subsidiary bank, in a large merger outside its IBA home state (in this case, State X), and framed its interstate bank merger rule to allow the Board to redesignate the foreign bank's home state to prevent this circumvention.

The concerns underlying the rule no longer apply due to the changes made by the Interstate Act. The geographic limits on interstate bank purchases by foreign banks outside their IBA home state under section 5(a)(5) of the IBA have been abolished. In addition, section 3(d) of the BHC Act was amended as of September 29, 1995 to phase out the principal geographic restrictions on interstate banking acquisitions applicable to domestic and foreign acquirors under the BHC Act. As of that date, there is no need to prevent foreign banks from circumventing geographic limits that no longer apply. Accordingly, the Board proposes that the bank merger rule of § 211.22(c) be deleted effective immediately.

Retained Provisions

The Board proposes that §§ 211.22(b) and (d) of Regulation K be retained with no change at this time. Section 211.22(b), which allows foreign banks to change their home states once, will be reviewed in the Board's future rule-making process discussed above. Until such time, foreign banks which have not previously changed their home states may change their home state in accordance with § 211.22(b). Section 211.22(d), which concerns attribution of home states to foreign banking organizations controlled by other foreign banking organizations, also is proposed to be retained pending future review.

Request for Comment

The Board requests comment on all aspects of the proposed changes to Regulation K, and on all other aspects of the application of the Interstate Act to foreign banks which may be dealt with appropriately through rulemaking.

Paperwork Reduction Act

In accordance with section 3506 of the Paperwork Reduction Act of 1995 (44 U.S.C. Ch. 35; 5 CFR 1320 Appendix A.1), the Board reviewed the proposed rule under the authority delegated to the Board by the Office of Management and Budget. No collections of information pursuant to the Paperwork Reduction Act are contained in the proposed rule.

Regulatory Flexibility Act Analysis

Pursuant to section 605(b) of the Regulatory Flexibility Act (Pub. L. 96–354, 5 U.S.C. 601 et seq.), the Board certifies that the proposed revisions to

Regulation K would not have a significant economic impact on a substantial number of small entities that are subject to its regulation.

List of Subjects in 12 CFR Part 211

Exports, Federal Reserve System, Foreign banking, Holding companies, Investments, Reporting and recordkeeping requirements.

For the reasons set out in the preamble, the Board proposes to amend 12 CFR Part 211 as set forth below:

PART 211—INTERNATIONAL BANKING OPERATIONS (REGULATION K)

1. The authority citation for Part 211 continues to read as follows:

Authority: 12 U.S.C. 221 *et seq.*, 1818, 1841 *et seq.*, 3101 *et seq.*, 3901 *et seq.*

2. In § 211.22, paragraph (a) is revised; paragraph (c) is removed; and paragraph (d) is redesignated as paragraph (c) to read as follows:

§ 211.22 Interstate banking operations of foreign banking organizations.

(a) *Determination of home state.* (1) A foreign bank (except a foreign bank to which paragraph (a)(2) of this section applies) that has any combination of domestic agencies or subsidiary commercial lending companies that were established before September 29, 1994, in more than one state and have been continuously operated shall select its home state from those states in which such offices or subsidiaries are located. A foreign bank shall do so by filing with the Board a declaration of home state by March 31, 1996. In the absence of such selection, the Board shall designate the home state for such foreign banks.

(2) A foreign bank that, as of September 29, 1994, had declared a home state or had a home state determined pursuant to the law and regulations in effect prior to that date shall have that state as its home state.

(3) A foreign bank that has any branches, agencies, subsidiary commercial lending companies, or subsidiary banks in one state, and has no such offices or subsidiaries in any other states, shall have as its home state the state in which such offices or subsidiaries are located.

* * * * *

By order of the Board of Governors of the Federal Reserve System, December 21, 1995.

Jennifer J. Johnson,

Deputy Secretary of the Board.

[FR Doc. 95–31364 Filed 12–27–95; 8:45 am]

BILLING CODE 6210–01–P

FEDERAL TRADE COMMISSION

16 CFR Part 423

Trade Regulation Rule on Care Labeling of Textile Wearing Apparel and Certain Piece Goods

AGENCY: Federal Trade Commission.

ACTION: Advance Notice of Proposed Rulemaking.

SUMMARY: The Federal Trade Commission (the ''Commission'') proposes to commence a rulemaking proceeding to amend its Trade Regulation Rule on Care Labeling of Textile Wearing Apparel and Certain Piece Goods, 16 CFR Part 423 (''the Care Labeling Rule'' or ''the Rule''). The Commission seeks comment on whether the definitions of water temperatures in the Appendix of the Rule should be amended. In addition, the Commission seeks comment on possible alternatives for amending the Rule's current requirement that either a washing instruction or a dry cleaning instruction may be used. Finally, the Commission seeks comment on whether the reasonable basis portion of the Rule should be amended.

DATE: Written comments must be submitted on or before March 13, 1996.

ADDRESSES: Written comments should be identified as ''16 CFR Part 423'' and sent to Secretary, Federal Trade Commission, Room 159, Sixth Street and Pennsylvania Ave., NW., Washington D.C. 20580.

FOR FURTHER INFORMATION CONTACT: Constance M. Vecellio or Laura Koss, Attorneys, Federal Trade Commission, Division of Enforcement, Bureau of Consumer Protection, Sixth Street and Pennsylvania, Ave., NW., S–4302, Washington, DC 20580, (202) 326–2966 or (202) 326–2890.

SUPPLEMENTARY INFORMATION:

Part A—General Background Information

This notice is being published pursuant to Section 18 of the Federal Trade Commission (''FTC'') Act, 15 U.S.C. 57a *et seq.*, the provisions of Part 1, Subpart B of the Commission's Rules of Practice, 16 CFR 1.7, and 5 U.S.C. 551 *et seq.* This authority permits the Commission to promulgate, modify, and repeal trade regulation rules that define with specificity acts or practices that are unfair or deceptive in or affecting commerce within the meaning of Section 5(a)(1) of the FTC Act, 15 U.S.C. 45(a)(1).

The Care Labeling Rule was promulgated by the Commission on December 16, 1971, 36 FR 23883 (1971). In 1983, the Commission amended the Rule to clarify its requirements by identifying in greater detail the washing or dry cleaning information to be included on care labels.[1] The Care Labeling Rule, as amended, requires manufacturers and importers of textile wearing apparel and certain piece goods to attach care labels to these items stating ''what regular care is needed for the ordinary use of the product.'' (16 CFR 423.6(a) and (b)). The Rule also requires that the manufacturer or importer possess, prior to sale, a reasonable basis for the care instructions. (16 CFR 423.6(c)).

As part of its continuing review of its trade regulation rules to determine their current effectiveness and impact, the Commission published a Federal Register notice (''FRN'') on June 15, 1994. This FRN sought comment on the standard regulatory review questions, such as what changes in the Rule would increase the benefits of the Rule to purchasers and how those changes would affect the costs the Rule imposes on firms subject to its requirements.

The FRN elicited 81 comments.[2] The comments generally expressed continuing support for the Rule, stating that correct care instructions benefit consumers by extending the useful life of the garment, by helping the consumer maximize the appearance of the garment, and/or by allowing the consumer to take the ease and cost of care into consideration when making a purchase. Most comments said that the costs imposed on consumers because of the Rule were minimal when compared to the benefits. Based on this review, the Commission has determined to retain the Rule, but to seek additional

[1] The Rule was amended on May 20, 1983, 48 FR 22733 (1983).

[2] The commenters included cleaners; consumers; public interest-related groups; fiber, textile, or apparel manufacturers or sellers (or conglomerates); federal government entities; fiber, textile, or apparel manufacturers or retailers trade associations; two label manufacturers; one cleaning products manufacturer; one association representing the leather apparel industry; one Committee formed by industry members from the countries signatory to NAFTA; one appliance technician; one appliance manufacturers trade association; two standards-setting organizations; and two representatives from foreign nations. The comments are on the public record and are available for public inspection in accordance with the Freedom of Information Act, 5 U.S.C. 552, and the Commission's Rules of Practice, 16 CFR 4.11, during normal business days from 8:30 a.m. to 5 p.m., at the Public Reference Room, Room 130, Federal Trade Commission, 6th and Pennsylvania Avenue, NW, Washington, D.C. The comments are referred to within this Advance Notice of Proposed Rulemaking (''ANPR'') by their name and the number assigned to each submitted comment.